

PSJ18 WALGREENS Opp Exh 19

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----- Forwarded by Ed Svihra/Corp/Walgreens on 04/09/2012 04:09 PM -----

From: "Bleser, Mike" [mike.bleser@walgreens.com]
Sent: 04/07/2012 11:00 PM GMT
To: Ed Svihra; Laura Merten; Dwayne Pinon; Garry Hodge; Ken Amos
Subject: Fw: Update

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From: Bleser, Mike
Sent: Friday, April 06, 2012 05:36 PM
To: Berkowitz, Jeffrey; Destefano, Frank P.
Cc: Groth, William E.; Murray Jr, Denman D.
Subject: Update

Rx Supply Chain Contingency Plan for Jupiter

- Jupiter DC currently fills 128 different C2 NDCs for 2,471 stores (Perrysburg and Woodland DCs service the remaining stores) on a once-a-week basis
- Initial plan in the event of a Jupiter C2 shutdown:
 - o Perrysburg will service about half the stores (1,200); one contingency: Tax is pursuing licenses for Perrysburg to distribute in 5 of the 11 states that Jupiter services....ETA on that is XX weeks
 - o Amerisource will service 113 Puerto Rico stores and 45 onsite locations
 - o Cardinal will service the remaining 1,100+ stores
- Next steps:
 - o We are pulling detailed data for Amerisource and Cardinal so they can determine the inventory and logistics required to support this plan
 - o Both Cardinal and Amerisource feel that once the plan is set, they can start servicing very quickly (1-2 days) in the event of a Jupiter C2 shutdown
 - o We are working closely with Logistics to put together a detailed plan to execute at Perrysburg in the event of a Jupiter C2 shutdown

Suspicious Ordering Reporting

- Current Process:
 - o In March 2008, a team consisting of Rx Purchasing, Logistics, Legal, Loss Prevention and Store Order System IT began creating the Suspicious Order Monitoring Process in response to the Cardinal incident in which 3 of their DCs were shut down by the DEA for suspicious drug ordering violations
 - o Project goal was to prevent the DCs from filling any potential suspicious store order and to capture the data to identify stores with potentially suspicious activity for Loss Prevention team to investigate
 - o August 2009 the system was ready and began reviewing all Controlled Substances (2-5) and Pseudoephedrine product store orders
 - o Orders quantities are systematically decreased if the quantity ordered exceeds thresholds of order frequency or quantity without supporting sales increases
 - o Data for any order flagged with potentially suspicious activity is kept; every month the Rx Purchasing team reviewed a small % of these exceptions and reported observations to district supervision
 - o January 2011, Loss Prevention assumed responsibility for reporting and taking action with district supervision

- Enhancements:

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- A dashboard system has been created to identify stores that had order quantities decreased and then placed order to vendor
- System can identify trends by store, market or drug
- Pilot to be initiated in May 2012 and will be used by Loss Prevention

FYI....I sent the Suspicious Ordering Reporting update to Lovejoy as well.

Let me know if there is anything else you need.....feel free to call me any time this weekend if needed.

Mike Bleser
Divisional Vice President, Rx Supply Chain & Analytics
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Martin, Barb

From: Murray Jr, Denman D.
Sent: Tuesday, April 10, 2012 2:16 PM
To: Bleser, Michael P.; Martin, Barbara A.
Subject: RE: Update - Response From HealthCare LP

I agree with Ed 100%.

Our systems, be they ESLM, TSL, PEAK or ROAR are designed to keep all rx drugs at good in-stock conditions while limiting excess inventory. The Suspicious Order program prohibits ordering of controlled substances outside of tolerance limits.

LP is responsible for monitoring the Suspicious Ordering dashboard

Thank you,

Denny Murray, Pharm. D.
Director, Rx Inventory Management Drug Stores
Walgreens
Phone: (847)315-2005
Cell: (224)723-4547

From: Bleser, Mike
Sent: Tuesday, April 10, 2012 1:18 PM
To: Murray Jr, Denman D.; Martin, Barbara A.
Subject: Fw: Update - Response From HealthCare LP

Let's discuss.

From: Svihra, Edward J.
Sent: Monday, April 09, 2012 04:59 PM
To: Bleser, Mike
Cc: Merten, Laura K.; Amos, Kenneth E.
Subject: Update - Response From HealthCare LP

Mike,

To clarify, Loss Prevention has not been responsible for reporting and taking action with district supervision since January 2011 as you state in your email. We did agree to assist with the analysis and design of the reporting. The Rx Purchasing team still has the responsibility to ensure the proper balance between in-stock condition, while limiting excess on-hand quantities. When the pilot is initiated next month, the role of Loss Prevention will be to address those individuals at store level that may be consistently attempting to manipulate the system to increase orders of controlled substances and pseudoephedrine.

Thanks,

Ed